

JAN 17 1984

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

According to your Articles of Incorporation, you are organized exclusively for charitable and educational purposes related to aiding in the sharing of knowledge and techniques in the field of home and business sales and for educational and motivational activities for those in that field. The Corporation may also sponsor and promote educational meetings, seminars, field trips and other activities for its members or for non-members.

Your principal activity is the holding of periodic meetings and conferences where awards ceremonies and informational and motivational sales programs are provided. Substantially all of those attending are distributors of [REDACTED]. In addition, the directors are all [REDACTED] distributors who have attained a high level of success with [REDACTED]. The programs provided at your conferences, meetings and seminars are designed to assist those attending in the successful operation of their [REDACTED] businesses. Guest speakers also tell their [REDACTED] success stories. Instructional and motivational films and cassettes are available for rental and/or sale. You are not a membership organization and the only requirement for attending your activities is an interest in home and business sales and payment of a fee, which is usually about \$[REDACTED]. Conferences are publicized through announcements, direct mail, home meetings and word of mouth.

Most financial support is from conference and seminar fees. Expenditures include guest speaker fees, compensation of two directors for services rendered and other operating expenses necessary to present your programs.

Section 501(c)(6) of the Internal Revenue Code provides exemption for:

"Business leagues, chambers of commerce,...not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname							
Date							

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that, for an organization to be exempt, its activities must be:

"...directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons..."

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit...even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining..."

Revenue Ruling 58-294 holds that an organization formed to promote the business interests of those involved in the manufacture and sale of a particular brand of product does not qualify for exemption because it is engaged in furthering the business interests of dealers of a particular product as distinguished from improving business conditions generally.

It is the position of the Internal Revenue Service that organizations promoting a single brand of product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6). Also see National Muffler Dealers Association v. U.S., 440 U.S. 472 (1979).

An organization which furnished particular information and specialized individual service to its members through publications and other means to effect economies in the operation of their individual businesses is performing particular services and will not qualify for exemption under section 501(c)(6) (Rev. Rul. 56-65, 1956-1 C.B. 199).

Your activities are obviously directed toward the promotion of a particular brand of product, that of [REDACTED]. In addition, it appears that you provide specialized service and information to those participating in your activities so as to assist them in the operation of their [REDACTED] businesses. Accordingly, because you are promoting a particular brand of product, rather than the industry in general and because it appears that you provide specialized information to individuals to aid them in the operation of their businesses, tax-exemption under section 501(c)(6) is denied. You should file Federal income tax returns for all periods.

[REDACTED]

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

Sincerely,

[REDACTED]
District Director

Enclosures:
Form 6018
Publication 892